

American Federationist

**An Economic Prescription
For Improved Medical Care**

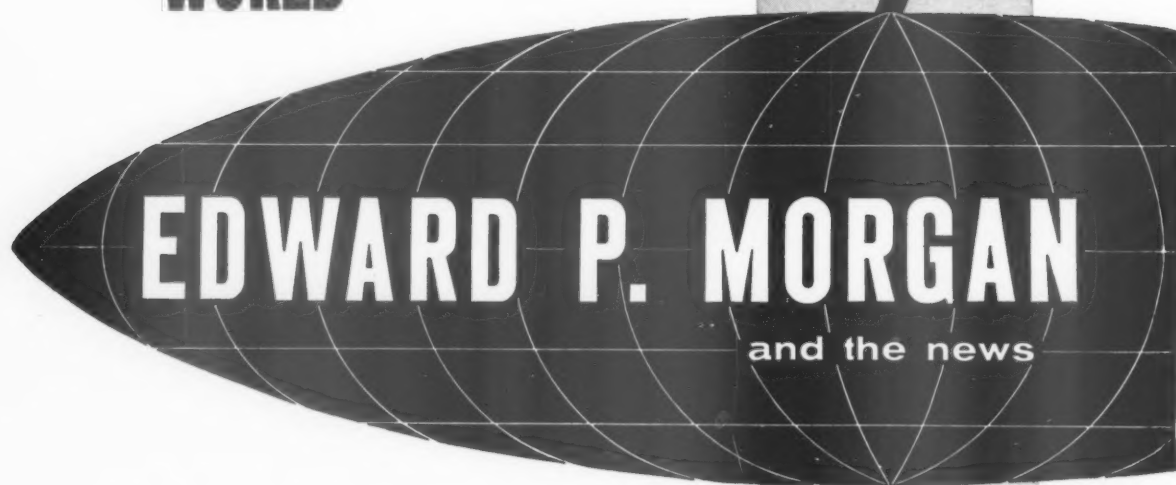
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JANUARY 1961



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One of the major problems of our times is medical economics. Advances in the science of healing have made better health available for all—at a price, unfortunately, which many cannot pay. The furor over health care for the aged through the social security system is one phase of this problem. Another is assuring that the health and welfare plans which organized workers have won in collective bargaining are translated into the best medical care the money can buy. Some of the considerations that might be weighed in thus safeguarding the health of workers and their families are discussed on Page 2.

From problems of medical economics to problems of health and welfare agencies is but a short step. The future of the latter rests in the sense of awareness this generation manages to plant in the next. The citizen apprentice plan, under which high school students learn through experience of the operations of the social agencies, is described on Page 6.

Human rights and improved labor conditions have always been twin targets of the trade union movement. Some phases of the fight for their advancement on a worldwide scale through the International Labor Conference are aired on Page 10.

President-elect John F. Kennedy's views on labor and the AFL-CIO take new importance on the eve of his inauguration. On September 10, 1950, at a time when organized labor was under heavy fire, then Senator Kennedy took the floor to expound his views. His remarks appear on Page 12.

One of the techniques proposed to goad the national economy into a more realistic rate of expansion goes under the name of "forced growth." Two currently popular versions are analyzed on Page 14 and found to be either inadequate or unrealistic. The real problem is natural growth of the economy through the achievement of full utilization of the nation's varied resources.

Poverty usually grows out of the economy. With it, discrimination often goes hand-in-hand. This unhappy pairing is responsible, for instance, for the shameful adage that the Negro worker is "last hired and first fired." But both poverty and discrimination are subject to change. An article on Page 17 describes one proposed program.

Some of the elements of automation and the transformation it is making in the world, with emphasis on the fact we still don't have a firm basis for evaluating its ultimate impact—and especially its impact on jobs—are discussed on Page 20.

This issue of the Federationist winds up with a review of Murray Lincoln's book, Vice President in Charge of Revolution, on Page 24.

The American Federationist

Official Monthly Magazine of the American Federation of Labor and Congress of Industrial Organizations

GEORGE MEANY, *Editor*

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Published every month by the American Federation of Labor and Congress of Industrial Organizations at AFL-CIO Building, 815 Sixteenth St., N.W., Washington 6, D. C. Editor—George Meany. Director of Publications—Saul Miller. Subscriptions, \$2 a year in U.S. and Canada. Other rates on application. Second class postage paid at Washington. No material may be reprinted without prior permission. Paid advertising is never accepted.



Better Protection For Medical Care Dollars

by Lisbeth Bamberger

One-third fewer babies die at birth under one kind of health plan than another. Subscribers to a comprehensive group practice health plan spend 48 percent fewer days in the hospital each year than members of the same union covered by insurance company cash indemnity plans. Facts like these now provide the basis for making informed decisions on how health and welfare dollars are being spent and whether these dollars will provide real protection against the high cost of medical care as well as the best possible care.

The job of bargaining for health and welfare benefits has only begun when an agreement with an employer is signed. The union's responsibility extends into an additional dimension—that of financing, organization and distribution of health care.

Most union members are aware that most health plans cannot be relied on for realistic financial protection. In his book, *The Doctor Business*, Richard Carter tells the story of the San Francisco carpenter's daughter who had her appendix removed. The surgeon's fee was \$150. A short time later the carpenter became covered by a health plan. Another month or so went by and it developed that the appendix-less daughter's twin sister needed to have her appendix out, too. This operation, performed by the same doctor, was as uneventful as the first; the two girls were in excellent health. But this time the surgeon's fee was \$300. Why? the carpenter asked. I understand you have a health plan now that pays \$150 toward an appendectomy—your ability to pay has increased by \$150, so I have simply added that amount to what you were able to pay before, the doctor replied.

This kind of incident is not isolated. Its implications are borne out by the experiences of insured people all over the country and by professional studies. One survey of more than 10,000 surgical claims found that a \$150 surgical schedule paid only 55 percent of the surgeon's total charges. A \$300 schedule covered only 69 percent of the surgeon's charges. Thus, a 100 percent increase in the indemnity schedule reduced the patient's share of the bills by only 14 percent.

The major medical plans represent a futile attempt to deal with this problem. These plans eliminate the

fee schedule and pay a certain proportion—usually 75 percent or 80 percent—of the doctor's fee, whatever it may be. But even under such a plan protection turns out to be illusory. In one California community, dominated by the workers in a single industry, the negotiation of a major medical plan to cover those workers caused surgical fees in that community to rise 17 percent within three months of its going into effect.

It has become perfectly clear that if the money that is negotiated to go into health and welfare plans is to provide protection to a worker's family rather than function primarily to assure the doctor of prompt payment there must be a greater concern with how it will be spent. New methods must be developed to apply controls over what happens to this money.

These controls must be more than financial. The gimmicks of the deductible and co-insurance, found in major medical, and intended to provide the individual with an incentive to avoid unnecessary utilization and to keep costs down, have proven ineffective and inappropriate.

Controls, if they are to work to provide real financial protection and health protection too, must deal directly with medical and hospital care itself.

The most effective sets of controls are exercised by comprehensive direct service group practice plans. A welfare fund or an employer—with or without employee contributions—instead of purchasing insurance, pays premiums to buy medical services from a health plan such as the Health Insurance Plan of Greater New York, the Group Health Association of Washington, D. C., or the West Coast's Kaiser Foundation Health Plan. Typically, all needed services with the exception of drugs and dental care are pro-



LISBETH BAMBERGER watches health matters as assistant director of the AFL-CIO Department of Social Security.

vided. At HIP there are no bills. At GHA and under the Kaiser plan certain contracts eliminate all bills, while under others there are charges only for specified services and procedures. These extra charges where they occur are minimal and always known in advance. The doctors who render the care are selected for their special training and competence, and work in a quality-of-care oriented setting in group practice. The individual subscriber in the best service plans is protected by a health plan that achieves its purpose—it provides health protection as well as financial protection.

Are these then the alternatives—a direct service plan providing substantial protection, or an insurance plan which provides no guarantee of good quality care and is constantly slipping behind real costs? They need not be the only choices, for many of the principles which together account for the splendid payoffs in better health and fewer financial worries of the direct service plans can be applied separately and in differing combinations to the prevailing plans to make them considerably more effective.

There are controls that can be exercised over

There is striking agreement among authorities in the health field that group practice is the most promising answer. The proponents range all the way from Dr. James Howard Means of Boston, one of medicine's most persistent gadflies, to Dr. Gunner Gunderson, last year's president of the AMA. "I am convinced," Dr. Means has said, "that group practice, of one sort or another, is indispensable in modern society if all the people are actually to get medical care as good as that which existing medical knowledge makes possible." In the opinion of Dr. Gunderson, who leads the Gunderson Clinic in La Crosse, Wisconsin, "there is no question that group practice can provide better medicine."

As a member of a group, the individual doctor is in a position to practice better medicine. He is not tempted to do what is beyond his competence, when he can refer his patients freely to specialist colleagues in the group. He is relieved of the economic pressure to take on more work than he can handle skillfully and humanely, since his income does not depend on the number of patients sitting in his waiting room. Frequent contacts and discussions with alert colleagues are stimulating and a powerful check against slipshod performance. At the same time, a planned schedule—including a rational workweek and regular paid vacations—provide him with leisure and time to read journals and attend scientific conferences.—*SELIG GREENBERG in The Decline of the Healing Art, from Harpers Magazine.*



the way in which health insurance funds are spent to the end that they will give improved economic protection as well as improved health protection.

Service Benefits. Service benefits, as opposed to cash indemnity benefits, are those where the doctor or hospital agrees to accept the amount paid by the health plan as full payment for services. The insured has no additional bill. Most Blue Cross hospital plans provide service benefits, and Blue Shield plans for payment of doctors' fees commonly provide service benefits to all subscribers whose income is below a certain specified amount. Wherever there are service benefits, medical bills cease to appear in unpredictable amounts in time of illness.

There are three major reasons why most union members today don't have the protection of service benefits when it comes to doctors' fees:

The insurance plan has no agreements with physicians in the community that the amounts provided by the plan's fee schedule shall be payment in full, and, therefore, cannot provide service benefits.

The plan provides service benefits only to persons earning less than a specified amount (this amount is known as the "income ceiling") and that ceiling is so low that very few people come under it.

The plan provides for service benefits but makes no effort to enforce this arrangement, with the result the doctors charge more than the amounts set in the fee schedule, both to people over the income ceiling and those under it. One union found that its members were paying the same amount for doctor's fees in addition to what the health plan provided, regardless of whether the member's income fell over or under the income ceiling.

More solid protection can be obtained by negotiating more and more benefits on a service basis, seeing that income ceilings where they exist are raised to the end that working people and their families will be covered by service benefits, and by making sure that where service benefits are specified they are actually enforced.

Comprehensive Benefits. Only when virtually all care is prepaid will the economic barrier to needed care be effectively eliminated. The types of care that are covered should be expanded so that medical necessity and not the individual's insurance status will determine the care he receives.

An individual should be hospitalized only if he needs to be hospitalized and not because his diagnostic tests will be paid for by his insurance only if

Two publications in the field of medical care of interests to union members, one specifically geared to the experiences of organized workers and the other more general in scope, have appeared within recent months and are still available.

A Special Study on the Medical Care Program for Steelworkers and Their Families, a report in depth to the international convention by the union's Insurance, Pension & Unemployment Benefits Department, may be had in limited numbers without cost from the USWA Public Relations Department, 1500 Commonwealth Building, Pittsburgh 22, Pa.

The Crisis in American Medicine, a special supplement of Harper's Magazine, may be purchased from the publication's Circulation Department, 49 East 43d Street, New York 16, N. Y.; single copies 25 cents each, 100 copies or more 20 cents each.

he occupies a hospital bed. A person with a mental illness should receive shock treatment only if that is best for him and not because his psychiatric benefits end after 30 days and shock treatments are the only form of psychiatric intervention that can be completed in 30 days.

Care of course must be exercised that as the scope of benefits is expanded, adequate and appropriate controls are applied to assure that they will provide maximum returns in better medical care.

Selected Physicians. Not every licensed physician is competent to perform every service required by the patient—not even when he claims to be. The welfare funds and health plans that have studied the kind of care their beneficiaries or subscribers were receiving have found case after case to substantiate this conclusion. The mere fact that a person is under a physician's care does not always guarantee that he is receiving appropriate medical care. To improve the chances of health plan beneficiaries getting the kind of care they need, the plan should exercise some control over who provides the care. Various techniques are possible. The plan can make arrangements to obtain care for its subscribers from a group of doctors who already have high medical reputations, such as the faculty of a medical school. Under such arrangements it may also be possible to get the group



of doctors to accept the amounts specified by the insurance plan fee schedule as full payment for services. With medical advice of recognized competence, a health plan may wish to compile a list of doctors to recommend to its members.

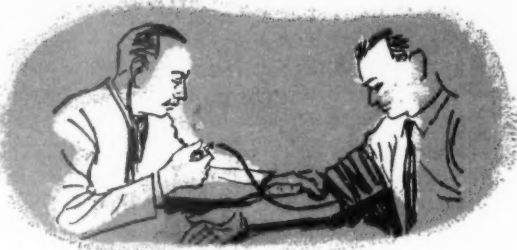
Another possibility is for a health plan to limit payments for certain kinds of services to specialists. For example, one welfare fund stipulated that whenever practicable major surgery for its beneficiaries should be performed by surgeons certified by the American Board of Surgery or the American College of Surgeons. One result of this restriction was that the number of appendectomies performed yearly was reduced by 59 percent.

Physicians in Group Practice. Accumulating evidence makes it clearer every day that doctors practicing in groups are in the best position to bring the benefits of modern medical care to their patients. Where it is possible for a union or a health plan to obtain care for its members through carefully selected doctors associated in a medical group, such a step should be given the most serious consideration.

Fees for Service. George Bernard Shaw opens his preface to *The Doctor's Dilemma* by saying, "That any sane nation, having observed that you could provide for the supply of bread by giving bakers a pecuniary interest in baking for you, should go on to give a surgeon a pecuniary interest in cutting off your leg, is enough to make one despair of political humanity." To the extent that we continue to accept the fee-for-service method of paying for medical care, this is what is done in America today. There are better methods of paying doctors. Doctors can be paid a salary, they can form a partnership to distribute fees in some equitable manner not related to the number of legs they amputate or appendices they remove.

It is perfectly possible to make an arrangement with a group of doctors whereby a sensible method

Whatever the means we adopt to meet the enormous problems ahead, we must accept the fact that good hospital care cannot be produced cheaply. The technological revolution in medicine has only begun; there will be more expensive equipment, more need of skilled technicians. But if we continue to build hospitals at random, duplicating some services and ignoring others, without defining their goals and without support of less expensive satellite facilities, costs will simply skyrocket without any gain in the quality of care. For only with sound economic and social planning can tomorrow's hospitals fulfill their ever-rising potential.—**DR. MARTIN CHERKASKY** and *Maya Pines* in *Tomorrow's Hospitals*, from Harper's Magazine.



of paying individual doctors, such as through salaries, is combined with payments to the group on a fee-for-service basis according to the indemnity schedule of the insurance plan.

Better yet, of course, would be an arrangement whereby the group of insured persons pays a certain sum to the medical group annually to cover all necessary care, regardless of what that may turn out to be in the course of the year. This completely eliminates economic incentives for unnecessary care, and allows the emphasis to be put where it belongs—on preventive care to keep people well.

Financial and quality audits. Some control over fees can be achieved under a cash indemnity plan by periodic audits of bills. Some of the most successful of these audit procedures have been developed by county medical societies. Physicians have most frequently themselves taken measures to prevent health plan abuse when they were faced with possible competition from a group practice direct service plan.

As we seek peace with the public, there are certain measures most firmly to be avoided. We must not, with pious tongue in fat cheek, cry nostalgically for the old days and pretend that we are still Nineteenth-Century leeches and should be adulated as such. We cannot restore the day of the country practitioner, beloved counselor to the whole rural family.

The second negative caution is against faith in salvation by publicity through the ministrations of the mahatmas of Madison Avenue. The craft of public relations may not be outright deception, but it is certainly always guilty of the strategic ruse of omission, in the selection of facts favorable to the cause. This is at best a not very innocent game; it has no place in the serious concerns of health and illness.

Thirdly, I would have us eradicate from our official program the strident demand for the economic rights of doctors. The people have read too long our defensive special pleadings; they have become derisively aware that the most widely read medical magazine in America is said to be *Medical Economics*.

As a final prohibition, organized medicine should be bidden to stop the kind of political

Certain checks on quality of care can be undertaken on a purely statistical basis. The medical audit is a technique of evaluating quality of care used by some health plans and many medical groups and hospitals. It consists of the application of modern statistical, data-processing and data-presentation techniques to examine, verify, interpret and use over-all data about the medical care being provided in order to control and improve the quality of care.

Selected Hospitals. Just as not all physicians are equally competent to render all sorts of care, not every hospital is an equally good place to receive care. A study of the quality of care received by members of one union found that more than one-quarter of the hospital care was being given in distinctly inferior hospitals. Health plans might consider the suggestion of the public health authority who headed that study—that health plans should pay for patient care only in hospitals that meet specified standards of care as established by broadly representative public councils.

The techniques described are all methods of obtaining some control over costs and quality to the end of making health insurance work. It is impossible to obtain meaningful protection from health insurance plans without getting into the organization, financing, and distribution of medical care. Unions must extend their influence into this area if negotiated health and welfare dollars are to buy high quality medical care and protect working families from unpredictable medical bills at the time of illness.

activity that has resulted in the common belief that doctors are the spearhead of the far right wing. There is potential disaster for the profession in identification with the ultra-conservative. Our identification is with the sick. We should want it unmistakably understood that we serve the health purposes of the public, not the political purposes of the National Association of Manufacturers. It is not a simple matter to separate a position about health from its social and economic parameters, for patently legislative proposals in many areas gravely bear on questions of disease. But we can at least discount our own socio-economic prejudices, most of us being by background and status convinced conservatives, and try to make our concerted medical stands rest on the single touchstone of the benefits they would provide to the ill.

In 1960 it is timely for the physician to renew in his personal credo that stern promise of the Hippocratic Oath: "Into whatever houses I enter I will go into them for the benefit alone of the sick. In purity and holiness I will pass my life and practice my Art."—*DR. LINDSAY E. BEATON* in "*A Doctor Prescribes for His Profession*," from Harper's Magazine.

"Apprentice citizens" under CAP program got a warm welcome from residents of county home for the aged.

Youth and Social Services

by Ernest F. Witte

In recent studies made to test social values students revealed alarming indications of a "diminishing sense of personal responsibility for social welfare." If the report Professor Philip E. Jacob made to the 1959 meeting of the Council on Social Work Education is correct, the implications for the future of social welfare are serious. The shortage of social workers is already acute, making it difficult to improve existing welfare programs in such vital areas as the prevention and treatment of juvenile delinquency, the care of the aged, and meeting the needs of dependent and neglected children.

This shortage prevents the development of badly needed new services as, for example, in public housing or to meet the expanding need for social services of a rapidly increasing population.

Equally serious is the implication for the support of welfare programs and services by the coming generation of citizens, whose values will determine whether they will support such programs through taxes, voluntary contributions, and by giving their time to serve on boards, committees and in other voluntary efforts so vitally necessary to the conduct of any system of welfare services, governmental or voluntary.

We live in a complex society, and what is more, it promises to become more so as more and more people move to urban centers where work opportunities, chances for promotion, and health, education and welfare services are better. The larger the community, the more complex and impersonal it becomes. Thus it is even more important that those who will one day take over leadership in our communities understand the social problems that will confront those living in such communities.

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It is particularly important that as many as possible understand the network of social services available to people in trouble. All too often newspapers report tragedies which take place in our midst—an unwed mother's suicide, a child brutally treated because of a behavior problem beyond the comprehension of the parents, a semi-starved family—tragedies which need never have happened had those involved or others who knew about them been aware of where to turn for help.

Anyone familiar with the growing problems of local communities everywhere knows the tremendous needs which exist to improve and extend welfare services which have not kept abreast of population growth, changing living patterns and rising costs. Most local welfare services, both public and voluntary, are inadequately financed. If these services are to be improved and expanded, there must be a better informed and more interested citizenry.

Responsibility for helping create such a citizenry rests on all who know the needs and their importance. It cannot be left to chance. The development of a sense of social responsibility must be fostered in the child or it is not likely to develop at all. What can be done and who can do it?

There are many efforts being made under a variety of auspices to foster a better understanding by citizens and future citizens of the human problems in their

communities. Problems such as mental and physical illness, economic want, discrimination, neglected and abused children, delinquency, alcoholism, housing, the needs of the aging, and a host of related social problems all call for understanding and informed interest if progress is to be made in their solution.

Local united funds and community chests have worked in a variety of ways to stimulate interest in and understanding of social welfare problems and the services developed to meet them among all age groups. Community councils, citizens leagues, volunteer bureaus, and public welfare departments have in many communities developed a variety of educational programs through the press, TV, radio, and meetings on welfare needs and services to promote better citizen understanding.

Detroit is an example of a community which in 1948 initiated a program described as "educating youth in social responsibility." The program was pioneered by the Detroit Community Chest and is still carried on by the United Community Services of Metropolitan Detroit.

It was developed by a 40-member advisory committee of educators, social workers and citizens interested in youth. The current program also is guided by a large committee with representation from all sectors of the community, including labor and PTA. All the school systems participated—the public, parochial and private schools.

The plan provided for the development of curriculum materials pre-tested by social studies teachers,

appropriate for use by students in different grades. Considerable time was devoted to the preparation of teachers for participation in the program, for under the Detroit plan teachers carry the major responsibility for the development of a sense of social responsibility in their students.

One of the more recent and challenging efforts to enlist and prepare community leadership in the field of welfare has been pioneered by organized labor. This is the Citizen Apprenticeship Program (CAP) established as a pilot project by AFL-CIO Community Service Activities.

Six communities in Mercer County in Western Pennsylvania were selected as the location for the two-year demonstration. The primary purpose of this program was to involve high school students on a purely voluntary basis in community social services in such a way that they would not only know and understand them, but have an intelligent basis for a beginning evaluation of these services.

Thus, the major objectives of the CAP are to provide a channel for learning, self-development, and self-expression. It was anticipated also that the program will stimulate a higher level of citizen participation in community social services in later years. The undertaking involved the necessity of an appropriate local sponsor, in this case a local central labor council, the local voluntary and public welfare agencies, and local school officials.

Once all these organizations were agreed on the general plan and upon the part they would play in carrying it out, the next step was to interest the stu-

Reports and evaluations of training and visits to social service agencies were given at luncheons in the Western Pennsylvania community.





Some were shy, others were more friendly, CAP trainees learned when they visited Mercer County orphan asylum.

dents. In developing such an interest it was first necessary to distribute to all members of the junior classes (juniors seem to have more time than seniors for extra-curricular activities) in the six cooperating communities copies of a leaflet describing the program, making clear that its cost to the student was no more than his time, interest and effort. Of the 125 students who responded, only 34 were selected by the schools to participate the first year. Of this number 32 carried through for the entire period. Half of these students were from the families of union members.

Each participating student was required to get first-hand experience in the field by spending 20 hours of volunteer service with a recognized community social agency. This service was spread over a two or three-month period.

Four Saturday sessions were scheduled for the students, at each of which representatives of the voluntary and public agencies explained their services, using actual case situations for illustrative purposes.

This orientation was followed by field trips to the county home for the aged, a children's home, a detention center for delinquents, and a state mental hospital covering two full days. In preparation for the trip, each student made an outline of what he wanted to see and discuss. Their reports following the trip were published under credit lines in the local newspaper.

Students next spent three Saturday afternoons viewing top-rated films on welfare subjects such as "The Deep Well," "The Bowery," and "The Quiet One."

One of the more significant parts of this educational

program was a two-day spring conference held during the spring vacation. National authorities spoke and discussed with the students such topics as city planning, human relations, international welfare, mental health, and family and child welfare. Students were supplied in advance with background material on these subjects.

Another major aspect of the CAP program was an opinion survey on social services conducted by the participating students among their fellow students. The answers were in themselves revealing and educational for the pollsters.

The final event of the four-month project was a graduation dinner which parents, labor officials, leading citizens and representatives of community welfare agencies attended. Certificates of recognition were issued.

Students were asked to evaluate each activity at its conclusion throughout the project. In this way sponsors attempted to ascertain how effective were the methods employed, whether students had found them effective and the knowledge worthwhile. Many students listed this experience as their most valuable extra-curricular activity. Without exception all student participants recommended that CAP be continued.

One measure of the value of the experiment to the students (which should contribute substantially to their potential future contribution as citizens) and to the community was the students' insight into work of the welfare organizations in their communities, as shown by their evaluation of the services provided

and their recommendations for change.

Here are a few final paragraphs of the evaluation report on this project which was made by the two staff persons responsible for planning it. They said:

"It is difficult to say at this point just how deep or how lasting the concern and awareness will be. We feel, however, this program will have some long-range impact, and will make a difference in the lives of the participants.

"We believe there is a new wideness in the world of CAPpers.

"The first point—personal awareness—could also be called a form of citizenship training. And while it is limited to the area of social services, we felt it was necessary to concentrate on this phase of community life. The students in the Shenango Valley do know and see and read about the work of doctors, lawyers and businessmen; they know something about the activities of such community groups as churches, schools and labor, but for many CAP members the past five months served as an introduction to the field of social services.

"This ties in with the second value—vocational interests. Here again it is difficult to say if one or two members will enter social work as a life's work, but we feel certain that they are in a much better position to make up their minds because of CAP experience.

"A third value is that CAP is a community-centered project despite its limited numbers. While it is labor-sponsored, many community groups and organizations have shared in its operation. The schools, the United Fund, the social agencies—all have played significant roles; some of our strongest support has come from various professional and industrial leaders in the community. CAP is a splendid example of many individuals and groups working together in an area of mutual concern."

This CAP program has several unique features. Many educational programs have been developed to prepare students for future leadership roles in community welfare services. But CAP's unique features are its sponsorship, financing, and the testing of its value at the end of a two-year demonstration period.

To quote Jacob in his address to the Council on Social Work Education:

"... programming which is experience-centered apparently contributes potency to the educational process. Sometimes students go through experiences which cause them to reassess cherished values and to make profound alterations in their outlook on important questions. Educational programs which include or are integrated with such value-generating experiences can make meaningful the human implications of the formal knowledge students acquire.

"From the standpoint of encouraging social responsibility the educational program should expose students to the experiences of injustice and discrimination, of misery and poverty, and probably inhumanity and

brutality. I suppose that most students now coming to college have been largely sheltered from the rawer aspects of human relationships, even as observers, let alone being personally involved. Yet genuine social concern rarely seems to grow in an atmosphere of comfortable, sociable and superficially affable associations."

It is quite clear that this program for high school students offers considerable promise if there are those who will take responsibility for sponsoring opportunities so that large numbers of students may participate, perhaps over longer periods of time. Hopefully, school officials will see in this experiment an opportunity to broaden and deepen the interest of high school students in the communities in which they live.

It is the kind of program which appeals to the service ideals which most young people have but which they frequently hide, in part because they find so few specific and meaningful ways in which to give expression to them.

There is no reason, of course, why modifications of the plan described should not be introduced as further testing and experience may seem to warrant. Although the AFL-CIO initiated and a local labor council sponsored the CAP, there is every reason why such programs should be sponsored by a variety of organizations having an interest in the development of youth and future citizens.

Such organizations might well include the schools themselves, community welfare councils, public welfare departments, service clubs, church groups, and labor organizations. Widespread sponsorship by labor organizations of such programs as the CAP might have dual advantages to the community first, by providing students with a worthwhile experience and second, in simulating greater labor interest and participation in social services. The lack of vigorous and active labor representation on the boards and committees of local social agencies presents a serious problem for all those concerned with the development of truly representative democratic control of these institutions and their services.

To sum up this discussion of citizenship training for youth with its emphasis upon social services listen to Superintendent A. T. Lindley of the Fort Wayne, Ind., Community Schools:

"Children are as much a part of our community as their parents. It's important that they too know and understand our community's health, welfare and recreation services, since they will be both using and supporting them. Students don't live in a vacuum; their lives are influenced just as much by community problems and community services as their parents."

They will ultimately also exercise as much influence (and perhaps more) as their parents on the quantity and quality of these services in their community. The preparation of youth for this responsibility cannot be started too soon.

Labor Standards and Human Rights

by Bert Seidman

Throughout its history the labor movement has had to fight simultaneously for fundamental rights and improved conditions of life and work; workers have first had to win the right to organize and join unions and the right to engage in collective bargaining before they could make substantial and lasting gains on the economic front.

At a time when determined efforts are being made to weaken the trade union movement here in the United States, a slim volume by C. Wilfred Jenks, assistant director-general of the International Labor Organization, provides a timely reminder of the fundamental interrelationship between human rights and labor standards. In fact, as Jenks makes clear, the two-pronged struggle for more freedom and more of the good things of life are dominating the hearts and minds of men all over the world. These are the fundamental goals of our time.

Are these goals which must be sought and won in each country individually, or can international action contribute to their achievement? Jenks cites the impressive record of the ILO especially during the post-war years to demonstrate how development of internationally accepted principles can help to advance simultaneously human freedoms and material gains.

Extension of the rights of workers and improvement of their conditions have been objectives of the ILO since its founding 41 years ago. In recent years the ILO has scored particularly notable gains by adopting a series of conventions dealing with Abolition of Forced Labor, Freedom of Association and the Right to Organize, and Discrimination in Respect of Employment and Occupation. These conventions—which for countries that ratify them have the force of treaties—taken together truly constitute an international “Magna Charta” for the world’s workers.

What the ILO has done to advance the rights of workers points the way to the possibility of more effective international action for protection of more general human rights. But the easily understood ineffectiveness of the ILO in extending workers’ rights into the Soviet Union and other totalitarian countries clearly foreshadows the limitations of international efforts to safeguard other human rights.

While it is easy to downgrade the efficacy of international action to promote human rights, there is a

value in an international code which, as do the ILO conventions, expresses the moral judgment of the whole world on the minimum rights to which all workers are entitled.

Such international pronouncements have some effect in countries, such as the U.S. and other western democratic countries, where basic workers’ rights are largely established. They have potentially even more significance in the newly independent countries which must now make the choice between freedom and democracy on the one hand, or denial of human rights and totalitarianism on the other. Where they undoubtedly have the least impact is in the totalitarian countries, both Communist and Fascist, where the regime as a matter of fundamental policy has long repressed the freedom of workers.

Indeed the fact that even while brutally denying them the totalitarian countries in international bodies like the ILO pay lip-service to human rights produces a tremendous amount of confusion, especially in the minds of delegates from newly emerging countries.

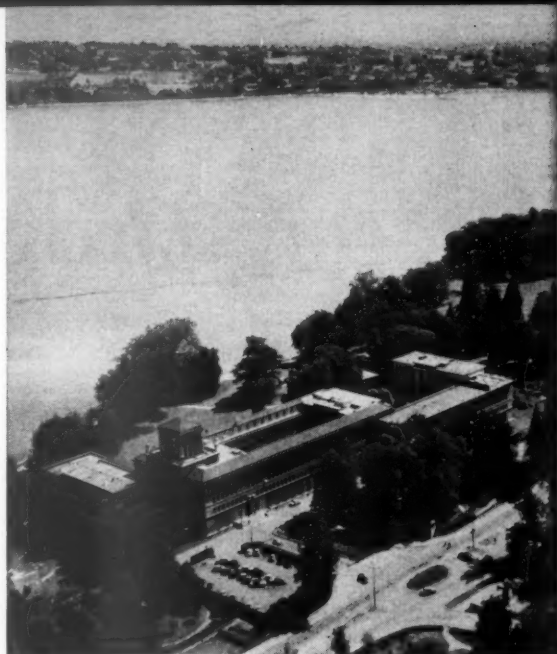
Jenks recognizes this problem but he tends to minimize it. In referring to the significance of international action on human rights in totalitarian countries, he admits “the danger of double thinking if the same general language is used in different parts of the world to mean essentially different things.”

However, Jenks also sees “the immense importance of giving every possible encouragement to the liberalization of authoritarian regimes, of both the right and left, by securing their acceptance of firm international obligations in respect of freedom of association as in respect of human rights and fundamental freedoms generally.”

Unfortunately, the readiness of totalitarian regimes to subscribe verbally to these freedoms gives little reason to think that such actions are really contributing to their “liberalization.” For example, not only the USSR and several satellites but also the Dominican Republic and other rightist dictatorships have ratified the ILO Convention on Freedom of Association. Does this make workers in those countries any more free to establish and join unions independent from the complete domination of the ruling regime?

It is not deprecating the importance of the ILO’s efforts to extend workers’ rights to urge that those most closely associated with those efforts do not confuse the word with the deed. If the USSR chooses

BERT SEIDMAN, economist in the AFL-CIO Department of Research, has frequently been an advisor to the U.S. worker delegate to International Labor Conferences.



Overlooking Switzerland's Lake Geneva lies the headquarters of the International Labor Organization.

to ratify the ILO Convention on Freedom of Association, let us not assume that freedom of association really exists behind the Iron Curtain.

If the democratic forces in the ILO will not yield to wishful thinking, international decisions to extend basic freedoms could present a tremendous opportunity to contrast the true meaning of liberty and tyranny. The trouble is that all too often golden opportunities to advance the democratic cause have been missed.

For inexplicable reasons, the U.S. government has entered the battle with the Communists in the ILO with one hand tied behind its back. U.S. government representatives in the ILO have given only lukewarm support to the ILO conventions in the field of human rights (U.S. employer representatives have done even less).

Then, after voting for adoption of conventions, the United States has failed to ratify them. In fact, the U.S. government has had a consistent attitude of voting for very few conventions and has ratified only seven (all relating to maritime workers) of the 115 adopted.

The U.S. government generally points to a special provisions in the ILO constitution as its excuse for failure to ratify ILO conventions, including those aimed at extending basic human rights. This clause specifically recognizes that there may be situations when a so-called federal state, such as the United States, Canada and Switzerland, may regard a matter on which the ILO has acted as wholly or partly within the jurisdiction of its states, provinces, or cantons. In that case, the member country which has a federal type of government is not expected to ratify ILO conventions. It is expected to ratify, however, if the matter is handled at the federal level or if all its states conform to the ILO standards.

All of this sounds reasonable until one examines how the U.S. government has used this waiver in actual practice. One example, by no means unrepresentative—the ILO Convention on Forced Labor—highlights the shortsightedness of U.S. policy.

The adoption of the ILO Convention on Abolition of Forced Labor was in large measure the result of a determined drive by the American labor movement and was aimed at throwing the spotlight of world condemnation on the forced labor practices in the Communist countries. Certainly nothing could have done more to strengthen and support the overall objectives of U.S. foreign policy.

Yet U.S. government representatives fought the ILO's adoption of the forced labor convention and it was only after tremendous pressure was brought to bear from many groups in the U.S. that government representatives were permitted to vote for it on final passage. The vote was 240 votes for (including the Soviet bloc), none against and 1 abstention (the U.S. employer delegate).

As required by the ILO constitution, the convention was referred by the State Department to the Congress but with a specific recommendation that "ratification is not deemed appropriate." The rationalization is given in a letter from Secretary of Labor Mitchell to then Secretary of State Dulles.

After stating that "for some 90 years forced labor has been prohibited in the United States by amendment to the United States Constitution," Mitchell goes on to say: "the ban on forced labor as a punishment for having participated in strikes [one provision of the ILO convention] raises problems of a technical legal character with regard to areas of state regulation."

Mitchell's letter contained no additional explanation of this "technical" question, but it would matter little if it had. What matters is that the U.S. government has proclaimed to the world that it cannot subscribe to an international compact to abolish forced labor because some states sanction the use of forced labor as punishment for having participated in strikes.

It is actions of this kind, unfortunately all too frequent, which raise serious doubts in the minds of ILO delegates from other countries regarding the genuine dedication of the United States to human rights and social justice. In this case, it is all the more inexcusable because the USSR and its satellites have thus far not had the gall to ratify the convention. Thus, the U.S. government has deliberately thrown away a chance to contrast our liberty with their oppression.

Excuses for inaction grounded in technical legalisms will never win the minds and hearts of men. The U.S. must take the leadership in extending the frontiers of human liberty and welfare.

"Human Rights and International Labor Standards" by C. Wilfred Jenks. Frederick A. Praeger, New York, 159 pages, \$5.50.

JOHN F. KENNEDY:

Labor is a stalwart guardian of



Some people have received the false impression, as a result of some of the publicity and discussions which attended the enactment of the Labor-Management Reform Act of 1959, that it expressed a critical judgment directed at the labor movement. Nothing could be further from the truth.

The American labor movement has consistently demonstrated its devotion to the public interest. It has been a bulwark of strength against narrow pressures. It is, and has been, good for all America.

We take altogether too little time to commend the faithful, to praise the noteworthy, and to applaud the devoted. But all too often we do not hesitate to criticize those who have strayed, those who have erred, those who have sinned.

I should like to take a few moments to express my personal pride, after 13 years on the labor committees of the House of Representatives and the Senate, in the achievements of the American labor movement. The manner in which it has improved the status of the worker has been well documented, and needs no elaboration. Less well known, but of an equal source of pride, is the manner in which it has served our entire nation.

Almost every community has a hospital which owes its existence to the efforts and funds supplied by labor organizations. The sorry condition of our nation's schools would be more desperate but for the activities on a local, state, and national level of the labor unions. Our highways, our transportation system, our defense posture today have all been immeasurably aided by devoted and selfless service by representatives of American labor.

Indeed, in every field where the public interest demands protection, we find a stalwart guardian enlisted by labor.

...of the public interest

Excerpts taken from
a speech delivered
in the Senate on
September 10, 1959.

In the past 2.5 years, no one could be sure what kind of labor legislation would be enacted. There were serious disagreements, sometimes harshly expressed. The one thing that perhaps was most gratifying to me throughout this period was the unswerving conviction of the great body of American labor, as reflected by the AFL-CIO and its president, George Meany, that corruption must be eliminated from labor's ranks. While undertaking to do this job basically on a voluntary basis, the labor movement recognized the need for, and supported, legislation which would help it do its own housecleaning.

I know of no parallel instance in American history when a major segment of society frankly recognized its own internal problems and set out so determinedly to correct them. They were not deterred by the fact that this must cause the expulsion of unions representing 10 percent of their membership. To see this action in perspective, it would be as though the NAM expelled hundreds of its largest members. I am glad to salute the AFL-CIO.

In the legislation we enacted we provided some assurance for democratic rights of union members in their internal affairs. Although most unions needed no laws to provide such guarantees, some did; and Congress acted.

But we must never lose sight of what is perhaps the greatest contribution of all which unions have made. I refer to the democratic rights they have achieved for their members in industry, in their dealings with employers. Through their collective strength, they have acquired a voice in their economic life. They have enjoyed the right to speak up, and—yes—when necessary, to talk back. Through their unions, millions of working people have enjoyed a measure of equality with their powerful employers.

This basic meaning of trade unionism was recognized in 1937, by the Supreme Court, when it found the Wagner Act to be constitutional. It said:

"Long ago we stated the reason for labor organizations. We said that they were organized out of the necessities of the situation; that a single employe was helpless in dealing with an employer; that he was dependent ordinarily on his daily wage for the maintenance of himself and family; that if the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and resist arbitrary and unfair treatment; that union was essential to give laborers opportunity to deal on an equality with their employer."

We are blessed in this country with a strong labor movement. Its strength is an important contribution to the public good.

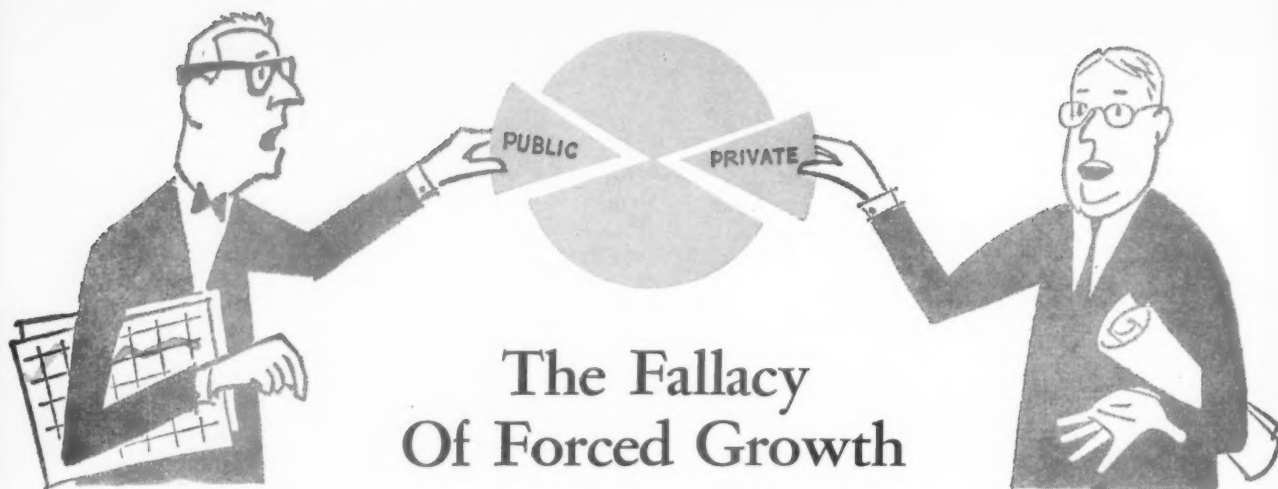
I know how it has been used to eliminate industrial terror, sweatshops, inhuman working conditions.

I know, from 13 years of close personal association with the labor movement, as a member of the House and Senate Labor committees, that it has used its strength for legislation that went far beyond its own vested interests.

I know the constructive role it is playing on the international scene, in resisting Communist expansion and in helping the underdeveloped nations of the world.

I know of its dedication to the cause of equal rights for all, both in and out of the labor movement.

Those of us who have had a responsibility to expose the wrongdoings of a few unconscionable labor leaders have a particular responsibility to make the record complete. The Hoffas and the Becks and the Dios should not cause us to modify our basic respect for, and appreciation of, our great, patriotic American labor movement.



The Fallacy Of Forced Growth

by Stanley H. Rutenber

The American people are being asked to choose between two different types of "forced growth." In the face of serious problems arising from wasted manpower and productive facilities, economic conservatives and some liberals are proposing changing the make-up of the American economy. Their proposals for "forced growth" call for the use of artificial and drastic measures. Their proposals are based on the assumption that high unemployment rates and idle productive capacity are built-in parts of our economic system, that waste is a necessary result and that growth can come only from force or artifice.

In the coming months more and more will be heard of these "forced growth" proposals with learned and scholarly arguments marshalled to support them. It is important that these proposals be analyzed and understood for what they are and contrasted with programs to sustain "natural" economic growth.

Many conservatives have repeatedly argued that business tax incentives to increase private investment are essential for economic growth. Despite the method's failure in the past several years, they insist that a change in the economy's make-up—suppressing consumption and spurring investment—is necessary to achieve a bigger economic pie.

The results of this type of artificial "forced" growth have been painfully evident for several years: The pie seems to get bigger temporarily as the growth rate edges forward, it stays big for a short time and then falls apart in recession. The rate of growth becomes slower; the artificial stimulant provides no balance; demand cannot keep up with the advances in private investment. The result—the on-again-off-again growth pattern of the last seven years.

The Eisenhower Administration's restrictive poli-

cies, combined with the business tax incentive changes in 1954, produced the following year-by-year changes: Between 1954 and 1955, real output shot up 8 percent, slowed to 2.1 percent in 1955-56, braked further to 1.8 percent in 1956-57 and fell back to minus 2.2 percent in the 1957-58 recession. In 1958-59, as the country emerged from recession, the gross national product shot up once again to 6.9 percent. Estimates for 1959-60 show a rise of 3.7 percent. Prospects for 1960-61 indicate another drop unless some action is taken by the government.

The over-all result is an uneven and eventually slow over-all growth rate and progressively higher rates of unemployment during each "recovery" period with rising levels of idle productive capacity. Revenue losses, losses of goods and services, wasted manpower and production grow enormously during this type of economic development.

To repeat these artificial, unrealistic methods in the 1960s could produce even more disastrous results and a lagging over-all growth rate during a period when our most pressing need is the use of all our resources for the well-being of a rapidly increasing population.

Another type of forced growth has been suggested by some liberal economists. The best-known, J. Kenneth Galbraith, has produced an economic thesis that is basic to a school of "forced" economic change from private consumption to government expenditures.

Galbraith contends that many of today's economic problems result from over-emphasis on the private sector of the economy. He therefore suggests that private consumption and production be curbed in order to rechannel economic activity to the neglected public sector. One appropriate method of redirecting these funds, Galbraith suggests, is to use the sales tax to reallocate some spending to the public sector.

Galbraith's argument that the public sector has not

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received enough attention has merit. Public service needs of a growing population have not been adequately treated in recent years. But the over 6 percent of our labor force now unemployed is not, by any stretch of the imagination, "affluent." Merely shifting the components of our economy will not make it so.

Consumption has not been the economic problem in recent years, and the drastic curbing of consumption, the forced shifting of private consumption to the public sector, would not take care of the unemployment problem, the idle-capacity problem, or other difficulties caused by waste of current resources.

While the excesses of modern industrial production and advertising naturally disturb economists, it does not make sense to restrict production or consumption in the private sector in a world where consumption has been unable to keep pace with production; where productivity, the labor force and productive capacity will be rising.

The novelty of suggesting the most regressive of taxes—the sales tax—to curb private consumption may add interest to an economic argument. But it is not reassuring in terms of the major economic problems facing America today: The failure to use, to the fullest extent possible, the manpower and productive capacity now available, and the need to find ways to use those ingredients in increasing quantities as they rise in the 1960s.

The conservative and liberal "forced growth" advocates consider their theories quite different. But they have something in common—both groups advocate suppression of consumption deliberately and mechanically. Both would shift the composition of gross national product forcibly. The "business-tax-incentive" group would change the texture of the pie and the recipe by emphasizing the private investment sector and suppressing consumption and government sectors. Galbraithian suggestions would emphasize the government sector, but also at the expense of consumption.

In effect, one says, "Suppress consumption, so that

private investment can be increased." The other says, "Suppress consumption so that the public sector can benefit."

Yet these artificial and drastic suggestions would merely change the measurements of the "pie." They would not increase the size or improve the shape of the pie enough to take care of national needs. The private investment proposal has proved its inadequacy over the past seven years; the novel Galbraithian suggestion seems unrealistic in terms of present conditions.

The central problem in our economy is achieving full utilization. Solving it could produce enough "natural" growth to accomplish the objectives sought by the "forced" growth advocates—more private investment and more government spending in the economy. If a still bigger pie is necessary after the "natural" growth rate is achieved, it might be necessary to use some method of artificially encouraging private investment or shifting components so that enough attention is given to the government sector.

What has been lacking is not investment, which has increased at a rapid rate, but what economists call "total effective demand" in all sectors of the economy in a balanced form—full use of resources.

It is probable that with the full use of our resources, that "spontaneous" or "natural" growth would probably not only increase the size of the pie, but also change the make-up of the economy somewhat and give the new-bigger pie a better texture.

The challenge is not to reshape the make-up of an economy growing at an average rate of 2.7 percent. The challenge is to try to make sure that the economy grows at an average rate of at least 5 percent by using what we have on hand. We must reach that 5 percent rate because we have to provide for our security—both civilian and military—here at home, give aid to those of our allies who need it abroad, help other nations of the world, and solve the problems of poverty and unemployment which challenge our rising population's ability to act.

AVERAGE ANNUAL RATE OF GROWTH, 1953-59

LABOR FORCE 1.25%

PRODUCTIVITY 3.5%
should have produced

GROWTH RATE OF 5%
but actually produced only

GROWTH RATE OF 2.7%

A look at past experience and the future potential shows the possibility of a 5 percent growth rate without any artificial or drastic steps that would require a shift in the proportion of gross national product going to capital formation and private investment.

Between 1947 and 1953 productivity (output per man-hour) went up at an average annual rate of 4.2 percent. Between 1953 and 1959, the increase was at an average annual rate of only 2.6 percent. Even if we assume the 4.2 percent is too high because of war-related factors and that the 2.6 percent is too low because of restrictive government policies, it is not unreasonable to assume that productivity would rise under proper policies at about 3.5 percent a year—somewhere between the two previous past rates—during the 1960s.

This estimate is conservative. Government and other studies have shown that output per man-hour has been accelerating over the past 50-year period. Between 1947 and 1958, the average yearly rate has been 3.5 percent. At full utilization of our resources productivity would probably increase even more rapidly during the 1960s.

The labor force potential for the Sixties is an average rise of 1.5 percent a year. This assumes that improved education, better training, increased mobility, and aid and assistance to distressed areas will reduce the large numbers of people now unemployed or under-employed. It also assumes a rising population and a decline in the number of hours worked.

Productivity and labor force potential therefore show that the nation can have a 5 percent growth rate—if, and only if, the nation uses these potentials.

A similar potential was available from 1953-59—a potential not used because of the failure of total effective demand, because of policies that emphasized only lopsided growth. The labor force grew at an average of 1.25 percent a year from 1953 to 1959 and productivity rose at an average of 3.5 percent a year—but the over-all growth rate was not 4 to 5 percent, but less than 3 percent. Full utilization did not take place. The result is a rising level of unemployment and greater levels of unused plant capacity.

What would full use of these potentials mean to the make-up of the economy? What would it produce? This, in part, provides the answer to arguments of the “forced” growth rate advocates. The probability is that necessary make-up changes would take care of themselves—or no changes would occur.

A 5 percent average growth rate would add something like \$25 billion on the average each year to gross national product. Under even present tax laws that would add about \$5 billion to the federal revenues. This additional money could provide additional spending both for defense and public services.

The share of the various components of the gross national product might change—the “mix” might be slightly different. Private investment would increase by billions of dollars as a result of well-balanced eco-

nomic growth—the natural result of stimulated demand, not the artificial building of capacity to lie idle.

A 5 percent growth rate from maximum use of resources would also provide, if necessary, for rechanneling some of the nation's activities to the public sector—but not a drastic, immediate shift. The federal government's share of gross national product would probably rise at a faster rate than the increase in personal consumption or business investment shares. Thus the federal government's share in GNP might be higher than its present 11 percent. State and local government share in GNP would be higher than the current 9 percent. Total government spending might thus increase from its present 20 percent to 21-22 percent of the whole economic pie.

As the economy progresses toward the trillion dollar mark, however—and we have already passed the halfway level this year—a 1 percent increase in the government share becomes a great many billions of dollars.

There might be, therefore, a minor percentage shift in the proportion of gross national product going to the different sectors—but with an ever-increasing level of dollar expenditures. For example, personal consumption and private investment sectors might, at full utilization, rise at slower rates than the rate of increase for the over-all gross national product or the government sector. The result would be that both these sectors might have a slightly lower proportion of the total than they now do—65 percent for personal consumption and 15 percent for private domestic investment [11 percent for plant and equipment and inventories and 4 percent for housing]. But the few percentage points would not mean a revamping of the economy, a curbing of private investment or a stifling of consumption. Both would have much higher levels of spending—billions and billions of dollars higher.

The failure to keep the economy moving forward at relatively full speed—at least at a 5 percent growth rate—means the loss of billions of dollars to all parts of the economy.

It has become increasingly clear that investment in public needs is a necessity both to provide for the requirements of our growing population and to insure the smoothing of the economy's upward movement. Jolts from sharp shifts in the business cycle can be minimized by some of the spending in the public sector—spending that is increasingly essential in a technological world with a rising population.

The obvious choice today is to use what we have to achieve and benefit from the full expansion of our economy through the practical and pragmatic use of all our resources for the benefit of all our people. The alternative is continued slow growth, inadequate ups and downs, force, or mass unemployment.

We are not choosing among percentages. Nobody knows what the precise percentage will be if full utilization is achieved. But it seems only rational to

avoid the emotional, artificial or drastic shifting of our economic components before we have allowed the economy to prove how fast and how well it can grow naturally.

Conservative economic projections indicate that this could be a 5 percent growth rate. If a spontaneous, sustained growth rate of 5 percent is produced and is not enough, then it might be worthwhile to try the artificial or the drastic steps of "forced growth." But there is no reason to assume that we cannot achieve a 5 percent growth rate or better or that 5 percent will not be enough, at least until we have tried it. We should not continue to waste our precious re-

sources of manpower and machinery because a mathematical computation suggests that we cannot, as a nation, grow fast enough without "forced growth."

We know why we must grow larger—to meet the needs of a rising population, to provide for the country's defense, to give aid and assistance to our allies and to underdeveloped nations and to solve some pressing problems of poverty and unemployment at home. We know approximately how much larger we must grow. It seems only sensible, therefore, not to try to repeat past failures or to institute new drastic steps, but to try using all the nation's manpower and productive ability to provide for its needs.



Discrimination and Low Incomes

by Donald Slaiman

There have always been pockets of "poverty amidst plenty," and millions of our citizens have suffered from lack of security and opportunity in many aspects of economic life. The "melting pot" has always had its seamy side of prejudice and discrimination; it is a more difficult and complex problem now than before.

A great deal has been written about poverty. The problems of discrimination have also undergone much exploration, but very little careful study has been published about the interrelationship of the twin evils.

Under the title of "Discrimination and Low In-

comes," the New York State Commission Against Discrimination and the New School for Social Research have published a volume dealing with the relationship of social and economic discrimination to low incomes among Negroes and Puerto Ricans in New York State.

In a chapter on the "Implications of the Studies" Charles Abrams, former chairman of the commission, writes:

"We have learned much about poverty and progress since the nineteenth century. The fatalistic theory that wealth is a gift of the Almighty and poverty a consoling visitation, no longer appears in the approved texts. . . . Charity and philanthropy have been largely supplanted by governmental responsibility and implemented by

DONALD SLAIMAN as assistant director of the AFL-CIO Department of Civil Rights works to end discrimination.

devices designed to supply aid where the private market mechanism has faltered or personal misfortune has intervened.

"Yet even the more recent thinking and the most recent policies fail to point up discrimination as one of the important and new factors in the poverty complex."

There are very few who dispute the fact that substantial discrimination against Negroes and Puerto Ricans exists in their economic activities. There is no challenge to the fact that a large concentration of these groups is to be found in the low income brackets. What needs to be established is the relation between the two.

The idea that economic status is preordained and immutable has long disappeared as a respectable conception in general, but there are still too many who believe that low incomes and depressed status prevalent among some minority groups are due to innate inferiority rather than to social conditions. It is now widely recognized that public policy and its implementation by governmental, community and economic institutions cannot only alleviate economic and social dislocation and maladjustment, but lay the basis for its elimination.

The same proposition, when applied to those economic and social problems caused by discrimination, is gaining increasing attention but the degree of acceptance lags too far behind. The New York studies have begun to document the case that there is a close relationship between the barriers to equal opportunity and the disproportionately high incidence of depressed living conditions among these minority groups.

The barriers to economic and social advancement are not only exclusion patterns for better economic positions. There are a variety of road blocks to be breached and many contributing factors to be overcome. Abrams lists 16:

- Resistance to hiring by management—personnel managers, line supervisors, foremen, executives, etc.
- Community attitudes restricting hiring by indus-

try of workers who, it is feared, might settle in the community, and the general confinement of minorities to existing concentrations in the larger cities.

- Resistance or discriminatory practices by private employment agencies, one of the main sources of recruitment.

- Educational lag and defective operation of the educational system for minorities, impeding their entry into skills and their opportunities for advancement.

- Failure of trade schools to train or encourage minority youth to enter advantageous occupations.

- Failure of apprenticeship and on-the-job training to function for the new minorities.

- Deficiencies in counseling services, subjecting minority youth to misdirection or lack of direction.

- Failure by minorities to train or apply for jobs through fear, ignorance, tradition or unwillingness to sacrifice immediate higher paid jobs for better long-range opportunities.

- Opposition by (some) unions due to longstanding traditions, ethnic homogeneity, or the outright discriminatory practices of the leadership or membership.

- Absence of original trades acquired at the source of migration and the inability to acquire them after arrival.

- Existence of a backlog among white workers in some industries requiring their absorption before acceptance of outsiders.

- Absence of housing which impedes mobility and free access to areas of opportunity.

- Deficiencies in environment and home life.

- Transience, impeding the sinking of roots into the community and its available opportunities.

- Lack of leadership, contacts, know-how, of realistic aspirations, or of opportunities for emulation.

- Language difficulties, concentration in over-competitive communities, limiting dispersion or the ability to compete for jobs requiring a knowledge of English (especially for Puerto Ricans).

The list is imposing. Other items could be added,



In lines of applicants for jobs such as cannery work, discrimination is reflected in the scarcity of those who have white skins.

especially if the range were wider than New York State. Briefly, it can be said that despite a great deal of progress in recent years, there are still many positions and even whole industries where Negroes and Puerto Ricans are either excluded or limited to the lower range jobs, that even after exclusion patterns are ended, opportunities are more difficult to attain; and beyond this, that there is not an equal access to training and education which are prerequisites for better-paying jobs and positions.

Patterns of housing discrimination not only hinder direct access to certain positions but impede access to education and training even where there are no legal or policy barriers to the educational institutions. Even when all these roadblocks are breached, often past experience has inhibited motivation, which is necessary for minority group youth to seek what has become available.

Economic recession or stagnation is an added hazard. For unemployment bears more heavily on the Negro wage earner. He tends to be concentrated in wage-earning groups which experience more unemployment than salaried groups; in unorganized industries, where seniority is not always followed for lay-offs, in unskilled and semi-skilled jobs which are bearing a heavier load from technological displacement. In many cases where seniority is enforced in organized industries, he is a relative newcomer and faces lay-off earlier, and finally, poorer education and training narrows the choice of alternative work available for him when lay-off comes.

Recent years have seen much progress. Not only have public attitudes improved, but many barriers have been eliminated and many roadblocks have been breached by governmental and private institutions. Much more is necessary before equality of opportunity for all Americans becomes a reality. A fundamental requirement for a reasonable rate of continued progress is a healthy economy. For, while discrimination is an important factor in perpetuating poverty, poverty itself is an important element in retarding the elimination of discrimination and prejudicial attitudes which underline it.

The elimination of discriminatory practices by itself will not be sufficient. Equal access to employment does not have the same meaning if few jobs are available in the economy as a whole. Equal access to education can become a mirage if many cannot afford to go to or to stay in schools. Equal access to housing becomes meaningless if one cannot afford to buy a house.

It is difficult to resolve completely the long discussed problems of either poverty or discrimination. It is doubly difficult to resolve both, but is necessary to explore what needs to be done and what contributions can be made by government, business, labor, community and the minority group members themselves.

Since the bulk of opportunity for employment and advancement must come from private employers, their attitudes are of paramount importance. Although individual firms and management leaders have taken enlightened positions, it is regrettable that no national management organization has, as yet, seen fit to take any positive action. All too often, instead of assuming leadership and taking positive action, business leadership is either passive or resisting action taken by other groups.

Labor on the other hand has not hesitated—especially at its national level—to make clear its position and support of non-discrimination policies, and it has been in the forefront with other enlightened groups in the community to make equality of opportunity the basis of public policy not only for itself but for government.

Nevertheless the labor movement is an integral part of our society and especially at local levels is affected by community mores and attitudes. It is for this reason that the AFL-CIO, at its inception, set up a Civil Rights Committee and a Department of Civil Rights not only for the purpose of helping to educate its own ranks as to why labor has a vital stake in the expansion of equal opportunity and a more democratic society, but also for the purpose of taking direct action to implement its civil rights policy. To this end, the department functions with an internal complaints and compliance machinery to help eliminate those practices that are not in harmony with the AFL-CIO policy of non-discrimination,

Moreover, the AFL-CIO has called upon all affiliated organizations to set up civil rights and fair practices machinery of their own.

But no matter how much improvement is taking place and will take place in business leadership and how effective labor's program becomes, a great measure of responsibility in this area lies with government, at national, state and local levels. Equal protection under the law and equal access to opportunity rely on government policy and its implementation. Experience has demonstrated that it is from legislation and executive action that the greatest impact can come.

The problems however are so many and the interrelation between them so complex that action is necessary in a variety of areas at the same time. This includes of course spurring the motivation among citizens of minority groups to train for and to seize the opportunities that become available.

The studies made by the New York State Commission Against Discrimination and the New School for Social Research have in a sense just scratched the surface: there is a tremendous amount of research to be done to enlarge our knowledge in this area, but they provide a good basis for further probing. In this they have made a significant contribution.



AUTOMATION

A Search for Answers

by Charles C. Killingsworth

The term "automation" is only a little more than 10 years old. During the time that it has been in use, it has seemed to be a word in search of a meaning. Some people have used it to cover almost all kinds of technological change. Others have applied it to one limited kind of technique, such as the mechanical transfer of parts from one operation to another. Any useful definition of the term must be broad enough to identify the basic concepts involved, and limited enough to distinguish it from mechanization in general. My own definition is that automation is the mechanization of thought, sensory and control processes.

This definition is intended to reflect the fact that scientists have recently developed a new theoretical framework concerning communication, control and even thought. The definition also reflects the fact that automation is merely one aspect of mechanization, though a profoundly significant one.

Some people have argued that there is really nothing new in automation. Somebody has said that the cave man's flint hatchet was the first example of automation. We should not overlook the grain of truth in such assertions. There is an element of automation, or automatic control, in all forms of mechanization. Even a hand tool controls and directs, to some degree, human energy. But the presence of an element of automatic control in all tools and machines should not be permitted to obscure the fact that there has been a substantial and rapid increase in this element in much recent mechanization.

We have developed a host of mechanical, electronic, hydraulic and other gadgets that have enormously expanded the capabilities of machines. The true significance of automation lies in the applicability of

its principles and techniques to almost every field of human endeavor.

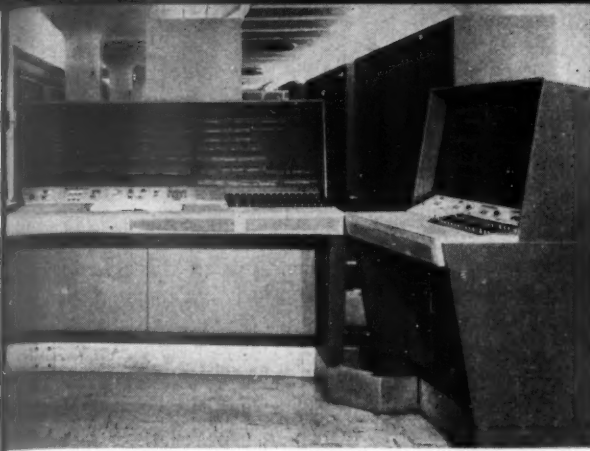
Perhaps the best-known examples of automation are the giant "transfer machines" of the automobile manufacturers, which can perform scores of operations on a part such as an engine block without human assistance (except for occasional tool changes or repairs). Actually, however, the transfer machines represent a rather elementary type of automation. Electronic computers are a more significant development.

There is now an oil refinery in Texas which is completely controlled by a giant computer—and it does a much better job than the former human operators. Two computer-controlled chemical plants are now being built. Computers are revolutionizing the book-keeping end of banking. They are making great strides in the field of inventory control. More and more of the processing of policies and claims in the insurance business is being handled by computers. The Air Force has just announced that it has a computer which is the key component of a machine that translates Russian into English. It now translates 40 words per minute, but by the end of the year its capacity is expected to be 2,400 words per minute.

Most metalworking industries are likely to be affected by a new technique which teams up computers and mechanical or electronic control devices. This technique is called "numerical control." It works roughly this way: Technicians take engineering drawings or even rough sketches and, using a special "computer language," feed information into the computer. The computer makes the necessary calculations and works out detailed instructions which are recorded on tape or punch cards. Then the tape or cards are simply plugged into a control unit on a machine tool, and the rest of the operation is completely automatic.

The control unit can even inspect the work of the

DR. CHARLES C. KILLINGSWORTH, university professor at Michigan State University, is a national authority on labor relations and is widely known as an economist.



Automated equipment like UNIVAC 1105, at the left, helped total up the 1960 decennial census returns.

machine tool and make instantaneous corrections while the work is in process. The basic principle is remotely comparable to the old-fashioned player piano. The significance of numerical control lies in its ability to reduce machine time and increase quality, especially on complex operations.

The cost of one large aircraft part was reduced from \$18,500 per unit by conventional methods to \$1,950 by numerical control. The machining time on a part used in electrical manufacturing was reduced from 60 hours to 45 minutes, and the rejection rate dropped from 50 percent with human operators to 2 percent with numerical control. Recently U.S. Steel opened a new rolling mill in Chicago which utilizes numerical control techniques. One authority has estimated that on about 90 percent of present-day metal working operations numerical control will be found feasible.

We are just beginning to explore the capabilities of computers. Experimental computers have been trained to compose original music, to play chess and checkers. The checkers experiment was especially interesting and significant, because the computer was also programmed to learn from experience—the more games it played the better it got, until it was finally unbeatable. These examples could be multiplied. Computers have many advantages over mere humans, of course. Computers never tire, never forget, and work thousands of times as fast as men.

There is another characteristic of computers that may be the most important of all. What one computer has “learned” can in many cases be “taught” to another computer almost instantaneously and at virtually no cost. Thus, the initial programming of a computer for complex decision-making tasks may be very costly and time-consuming, but replication of that programming may be rapid and inexpensive. I am sure that I need not underscore the contrast with the time and cost (as well as travail) involved in transferring knowledge from one human being to another.

At the risk of considerable oversimplification, we might say that mechanization has involved three main strands, each related to the other. One of them has

been the substitution of mechanical power for the muscle power of humans or animals. The steam engine and electric motors are two obvious examples. Another strand has been specialization — breaking down work processes into smaller and smaller fragments to improve the efficiency of men and machines. History may record that the automobile assembly line represented the peak of this development. The third strand is automation, the development of mechanical control and thought.

The introduction of mechanical power sources greatly increased productivity, and in the long run it probably increased the value of human labor because men began to devote more of their time to the function of control (although sharing it to a slight degree with machines). Further mechanization through specialization, as on the assembly line, forced men to share more of their control functions with machines; on many jobs, the man became simply the attendant of the machine.

Automation means the substitution of mechanical brains for human brains. The enormous gains in output and accuracy yielded by most types of automation are achieved largely by freeing machines from the limitations previously imposed by the feeble, sluggish brains and perceptions of men. I do not imply that any computer today is the overall equal of an average human brain. Many subtle aspects of judgment and creativity will always distinguish most men from machines. But the scientists are constantly at work improving the machines.

Despite the millions of words that have been spoken and written about automation in the past 10 years, any careful student of the subject must confess that we have too little solid information to be sure of its ultimate effects. We do know enough however, at least to question some widely-held assumptions concerning the social and economic effects of automation. We may endanger some of the potential benefits of automation if we fail to investigate with care the validity of some beliefs which a great many people regard as little less than gospel truth.

We are now sitting complacently behind a Maginot Line of Nineteenth Century ideas. I hope to show that our complacency may be no more justified than that of the French nation in 1939. The first notion which we should re-examine is that inventions and other mechanical improvements always create more jobs than they eliminate. Some people seem to believe that there is a great natural law which guarantees that any man who loses his job to a machine will always find another job elsewhere if he only tries. This belief has been encouraged, no doubt, by the findings of numerous case studies of the installation of automated equipment. Almost all of these studies have reported that no individual employed by the company involved lost his job as a result of the installation.

Many people also cite the example of the automobile industry in the first half of this century; it pi-

oneered many labor-saving improvements, but expanded its employment enormously in that period. The theory of automatic reabsorption of displaced labor obviously has some degree of validity. But I doubt that even its original Nineteenth Century proponents would have argued that it would hold true in all times, all places and all circumstances. They certainly would have conceded that it is a long-run, not a short-run theory. And they would have conceded that it assumes certain important conditions—for example, mobility of labor and full employment in the economy generally.

A substantial part of the cost savings from automation usually result from displacement of labor. It is to the credit of American management and labor that they have cooperated, in most of the cases studied, to find other jobs in the same company for those replaced by machines. Normal turnover in the company has quite frequently made it unnecessary to lay anyone off. But, from the standpoint of society, the net result may well be simply to shift the burden of unemployment from the man who already had a job with the company to the man who doesn't get hired by that company. Or the burden may fall on the man who gets laid off in the next recession and never gets called back. In a strong growth industry (like the automobile industry 1900-1950), rising demand for its products may more than offset the labor-saving effects of mechanization.

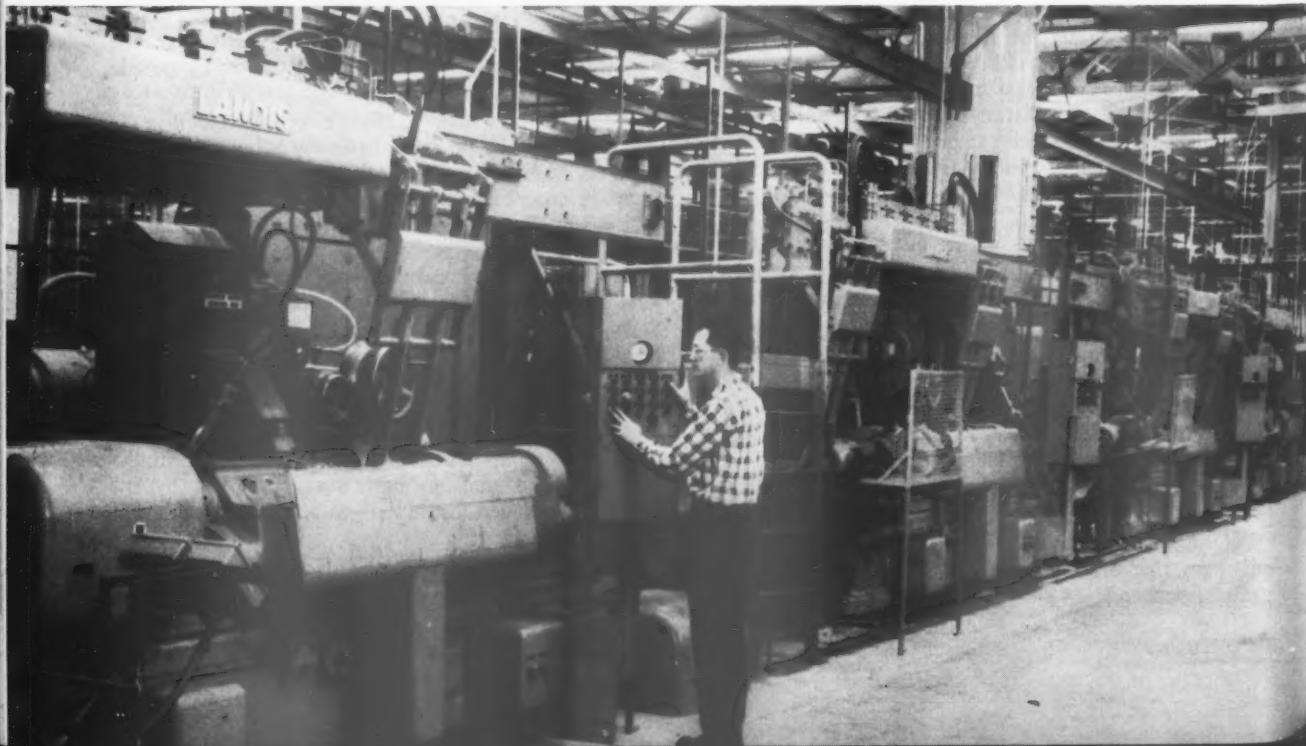
The fact is that we seem to have a shortage of major growth industries at present. Blue-collar employment in manufacturing is actually falling, although output is rising due in large measure to automation.

It is significant that much more than a proportionate share of the hard-core unemployment in our "distressed areas" is composed of workers whose last jobs were in manufacturing. Another difficulty is that the mobility of an unemployed worker is severely limited, as the Special Committee of the Senate on Unemployment Problems so clearly documented. Most important "long run" adjustments may take a lifetime. People must live in the short run as well as the economists' "long run."

The second notion that I question is that automation will come slowly. It is true that more than 100 years was needed for the steam engine to be widely adopted in industry. It took more than 50 years for electric power to come into general use. Some present-day computer installations require years of planning. Furthermore, business and industry will not scrap many billions of dollars' worth of existing equipment overnight. Even if there were an incentive to do so, replacements would be limited by the ability of the economy to produce the new equipment.

But let's look at the other side of the picture. The cost of automation equipment like computers is being constantly reduced, and the number produced is being expanded. There do not appear to be any insurable shortages of manpower or materials which would stand in the way of a large expansion of output of automation equipment over the next few years if the demand for it rises. Such a demand may be spurred by powerful incentives. One aircraft manufacturer reports that a large new machine which operates on principles of numerical control and which costs \$500,000 pays for itself in savings in about 90 days. The savings do not have to be as dramatic as that

This is what automation means: All that intricate machinery and to run it, a single lonely-looking worker.



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to induce businessmen to replace perfectly good capital equipment with the latest thing. Witness the plight of the airlines, which are spending billions of dollars to buy jet aircraft even though they have hundreds of older propeller-driven planes which are completely airworthy.

The venturesome competitor who invests in the newest equipment may be able to achieve such great savings and to attract customers so powerfully that other firms in the industry will be compelled to invest in the same equipment simply in order to remain in business. I suspect that something like this has happened in the automobile industry. Even the smallest company has spent millions of dollars on automation equipment. In an automobile plant, an engine line that is five years old is likely to be obsolete from the competitive standpoint. In some industries, the progress of automation may be extremely slow; but we cannot exclude the possibility that it will progress rapidly in others. I have the impression, for example, that mechanized bookkeeping is spreading quite rapidly in banking.

The matter of speed is a crucial factor in measuring impact. The introduction of the steam engine had many disruptive side-effects; imagine the impact if its use had become general in 20 years instead of in 100 years. Every labor-saving invention necessitates some redistribution of the labor force. The labor market, on which we rely for such redistribution, is likely to work slowly when large numbers of people are involved. Millions of excess workers have been moved out of agriculture in the past few decades, but the farm labor supply is still greatly in excess of what is really needed to produce food and fiber for our nation. The point is that our present institutional framework is much better able to handle change which comes slowly than that which comes rapidly. It is of great importance, therefore, that we try to judge how rapidly automation is moving. Too little effort of this kind is being made today.

The third notion that must be critically re-examined is that automation will require massive upgrading of the labor force. The case studies that have been made thus far certainly cast considerable doubt on this notion. Job requirements have increased in some instances, but usually so little that in-plant training programs of brief duration have met the need. The need for certain types of skilled maintenance workers has increased in some automated plants, though not all. It is true that completely unskilled jobs usually decline considerably when a plant or office is automated. But, generally speaking, the jobs that remain do not seem to have a markedly higher skill content. In fact, we have made so much progress in developing "reliable complexity," as Vannevar Bush terms it, that skill content is actually reduced in a surprisingly large number of cases. Most of us would agree that a 1960 automobile is a more complicated machine than one of 30 years ago; but (traffic hazards aside) the

1930 car probably required substantially more skill of the driver than today's does.

We have a very limited basis as yet for judging the extent to which upgrading or downgrading of the labor force will result from automation. We are getting some ideas as to what is happening to particular jobs when operations are automated. We know next to nothing about what happens to the people who are displaced.

The man who loses a semi-skilled factory job may end up in a low-skilled service job. Engineers have been scarce in recent years, but computers are rapidly developing the ability to perform certain kinds of their work. Numerical control may rapidly render obsolete the skills of many of today's highly-paid craftsmen. Many of the thousands of junior executives that our collegiate schools of business are grinding out these days may in a few years find their jobs being taken over by decision-making machines. Indeed, one of the students of automation is willing to assume that in 10 years we will have the technical capability of building machines to perform any productive function that is performed by men today. Economic feasibility will retard the realization of this technical capability. But it would be a great mistake to think that it is only the low-skilled jobs that can be mechanized.

It may be more realistic to say that the jobs most likely to resist automation are those that are simply not worth automating. The implications of these possibilities for education, and for the frequently-heard recommendation that we embark upon a massive re-training program to solve unemployment, are so obvious that they need not be detailed.

Automation is a special kind of mechanization which is rapidly growing in importance. Its principles are applicable to an enormous variety of gainful activities. Still we do not yet have a firm basis for anticipating what its ultimate impact will be. We do not know how heavily our labor markets will be burdened with the task of redistributing displaced workers. We do not know what new skills may be needed tomorrow, or what skills will be completely obsolete. These are questions of the greatest importance to those responsible for employment and manpower planning.

The search for answers to these questions is probably a task beyond the means of single individuals, or even university research institutes. Most large foundations are so tradition-bound that it is extremely difficult to interest them in problems as new and urgent as those posed by automation. The Bureau of Labor Statistics has made some excellent case studies in this field, but it has neither the resources nor the freedom to tackle some of the crucial questions affecting public policy.

Congress could perform a great service in its assigned area by causing a comprehensive and continuing study of automation and its impacts to be undertaken, either by the government or under its sponsorship.



The Ferment In the Firm

Murray Lincoln is one of the extraordinary businessmen of our times. Through his vision, drive, persistence and insistence what started as a simple attempt by Ohio farmers to secure reasonably priced automobile insurance has grown into a major venture dedicated to the extension and expansion of cooperative principles.

The key to Lincoln's life is in a real sense his job description of his service as executive secretary of the Ohio Farm Bureau for over 25 years:

"Because any organization, once it becomes successful, is apt to lose its original drive and vision, I've suggested that we have a 'vice president in charge of revolution.' He'd be one man not responsible for any operations. He'd stand to one side, with whatever staff he needed, to pick holes in whatever we were doing and remind us of our basic philosophy, our fundamental concepts. His job would be to stir up everything and everybody, to criticize and challenge everything being done—objectives, methods, programs, results. He'd keep us so discontented with the status quo there'd never be any doubt of our desire to seek new ways to meet people's needs. He'd keep us on the right track."

He chose the phrase, "Vice President in Charge of Revolution," for the title of a new book in which he reviews and reflects upon more than 40 years of devotion to the cooperative principle.

Lincoln became executive secretary of the Ohio Farm Bureau after having served as the first county agricultural agent in New England following his graduation from Massachusetts Agricultural College.

Having worked with farmers and encouraging them to get together in order to better themselves by marketing their products on a cooperative basis, Lincoln began to realize that they had to work together not only as producers interested in getting better prices by cooperative marketing techniques, but as consumers.

After marked success in consumer cooperation by the Ohio Farm Bureau in purchasing fertilizer, Lincoln persuaded the members to set up their own insurance company. It was this which became, ultimately, the Nationwide Insurance Co. Today this company is a major financing agency for the cooperative movement.

Lincoln tried through the years to convince the farmers with whom he worked that as consumers they had an identity of interest with workers and other non-farm elements. Much of the account of his life has to do with his efforts along these lines.

Expanding on the farmer-consumer relationship, Lincoln moved to the Cooperative League of the U. S. A. and discovered the existence of many struggling consumer cooperative stores throughout the country.

The problem with many of these city attempts at consumer cooperation seemed to lie not in the dedication of the people associated with them—the dedication was great and the number of failures was almost in direct proportion to the dedication—but in a lack of proper management and business sense to make them successful.

Lincoln's activity in the Cooperative League helped to change this picture so that today there are highly successful consumer cooperatives throughout the country.

Lincoln recites with great regret the fact that the Farm Bureau Federation has become an organization which refuses to see that it has common ground with organized labor and moreover that it refuses to seek the common ground—perhaps out of fear it would be bound. He writes:

"Though it kept the AFL for its devil, in time the Farm Bureau lost (its) sort of nervous concern over the possibility of spies from the NAM and U. S. Chamber (of Commerce). In fact, I'm sorry to say that its national policies came to be almost indistinguishable from those of these two powerful organs of big business."

Accounts of farm cooperative attempts to arrive at a working relationship with the labor movement run throughout the book. Worthy of fuller treatment is the actual role of labor organizations in the cooperative movement such as is found most frequently in the field of housing cooperatives and in the many credit unions which trade unions have established.

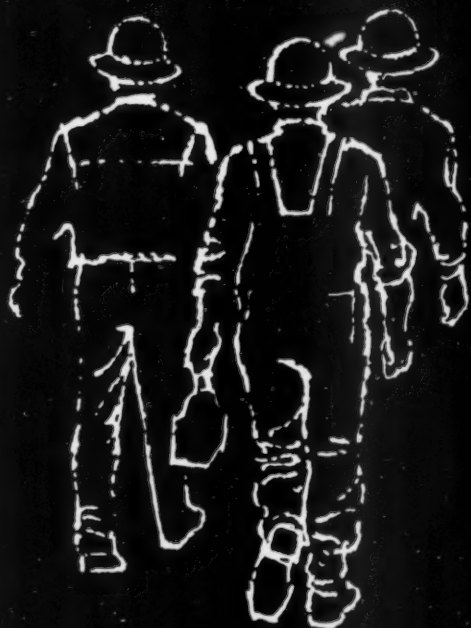
"Vice President in Charge of Revolution" is a book worth reading, especially its plea for people to get together in order to assert their right to a say in their own destiny. There is much wisdom in this book, wisdom which proves that being practical, being responsive to the needs of the people, and holding fast to a vision can be and is wisdom of the highest order.

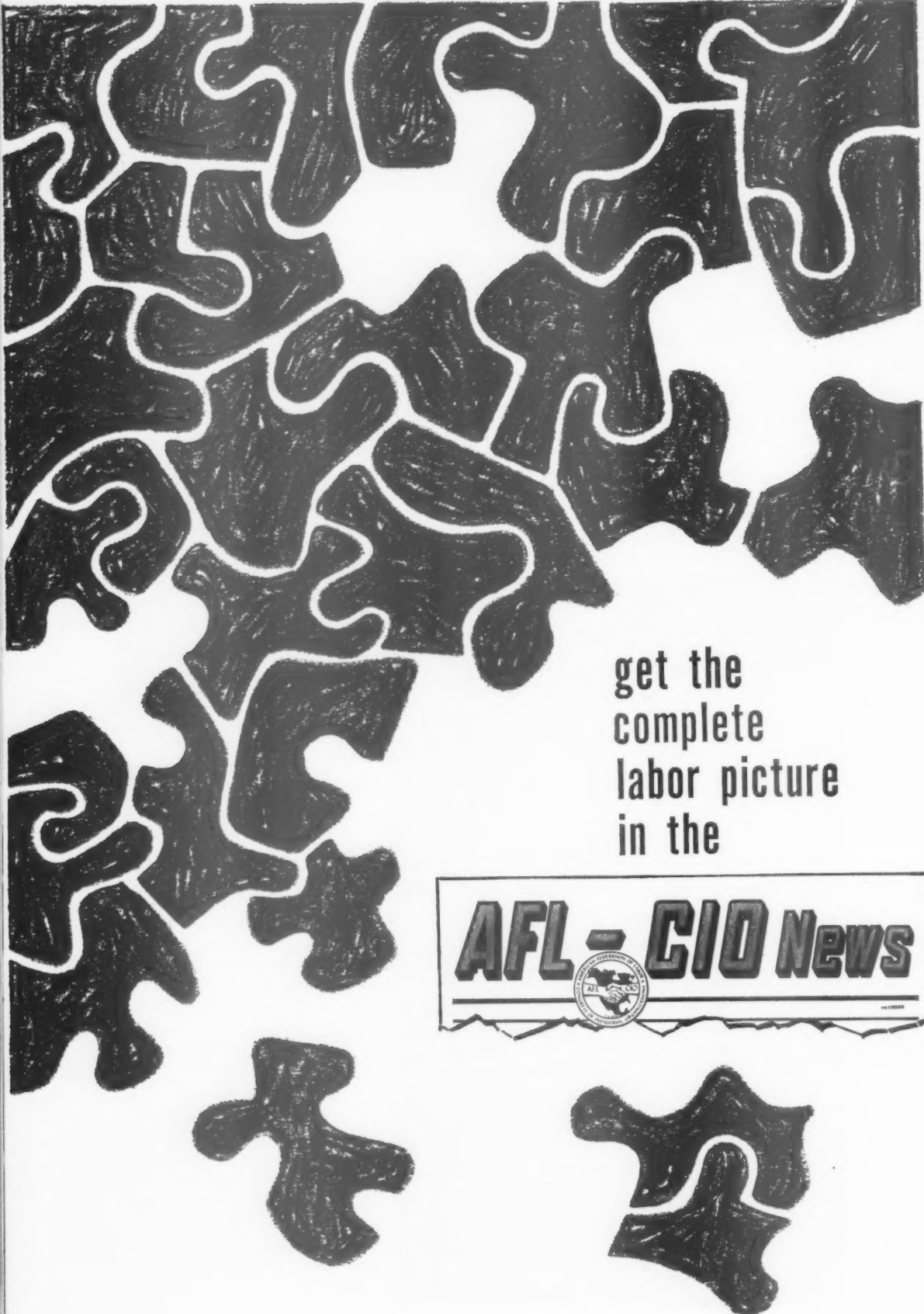
David Karp, with whom Lincoln collaborated, has done a magnificent job. He pays tribute to Lincoln's "remarkable feat of recall by a man who has never kept a diary, who wrote few letters, and even fewer articles for publication." But the tribute is to Karp for eliciting from Lincoln the wealth of experience and thought in this book.—ALBERT K. HERLING

Vice President in Charge of Revolution by Murray D. Lincoln as told to David Karp, McGraw Hill, 342 pages.

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